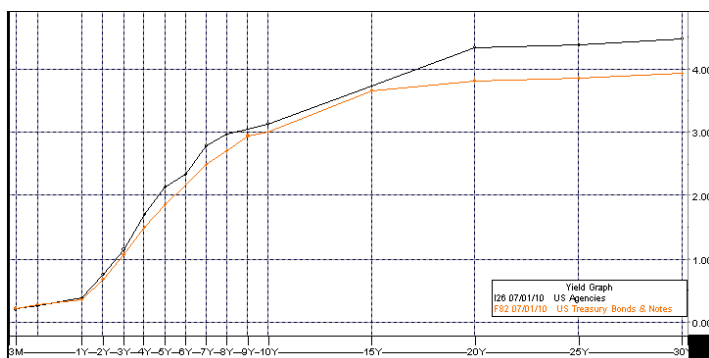


## Private Payrolls Rise 83,000 in June

Payrolls fell by a net 125,000 in June, the first monthly decline this year. This was due to a decline of 208,000 government jobs led by temporary federal census workers. The jobless rate fell to 9.5 percent for the month as the labor force shrank. Private payrolls rose by a net 83,000 compared to an expected increase of 110,000. This slow pace of job growth is an indication that it may take years to recoup the 8 million plus jobs lost during the recession.

## Yield Curves (Agency vs. Treasury)



Source: Bloomberg

## Our Methodology

The Federal Reserve met on June 23, 2010 and once again decided to maintain the fed funds target rate between zero and 0.25 percent. The U. S. economy grew at a 2.7 percent annual rate in the first quarter as consumer spending was less than previously estimated. Inflation continues to remain at very low levels allowing the Federal Reserve the flexibility to keep interest rates low. Fed funds futures reflect investor opinion that the Federal Reserve will maintain the current target rate until at least the first half of 2011. We continue to keep our weighted average maturity (WAM) at the upper end of the allowable range to take advantage of the positive sloped yield curve. Our credit team remains diligent in developing and maintaining our commercial paper list allowing our participants a slightly higher yield. As always, the top priorities of TrustIndiana remain the safety of the public's funds, the maintenance of sufficient liquidity and the offering of a competitive yield.

## Selected Current Economic Data

DATA	PERIOD	
GDP QoQ	Q1 '10	2.7%
GDP YoY	Q1 '10	2.4%
PPI YoY	May '10	5.3%
CPI YoY	May '10	2.0%
Jobless Rate	Jun '10	9.5%
Fed Funds Target	Jun 23 '10	0 - 0.25%

Source: Bloomberg

## Treasury Yields

TERM	07/01/10	05/27/10	CHANGE
3-Month	0.17%	0.11%	0.06%
6-Month	0.23%	0.18%	0.05%
1-Year	0.29%	0.27%	0.02%

Source: Bloomberg

## Agency Yields

TERM	07/01/10	05/27/10	CHANGE
3-Month	0.22%	0.18%	0.04%
6-Month	0.28%	0.28%	0.00%
1-Year	0.47%	0.49%	-0.02%

Source: Bloomberg

## Commercial Paper Yields (A-1/P-1 Dealers)

TERM	07/01/10	05/27/10	CHANGE
1-Month	0.40%	0.46%	-0.06%
3-Month	0.59%	0.63%	-0.04%
6-Month	0.83%	0.83%	0.00%
9-Month	0.95%	0.89%	0.06%

Source: Bloomberg

The opinions expressed are those of TrustIndiana Staff and are subject to change without notice.